



August 22, 2006

**SUBJECT:** Sunnyvale Downtown Association's Request for Financial Assistance to Form a Business Improvement District and Budget Modification No. 7.

**REPORT IN BRIEF**

The purpose of this report is for Council to review and act on a request from the Sunnyvale Downtown Association (SDA). The request is for \$47,050 to hire a consultant and fund the part-time executive director's position to assist in forming a Business Improvement District (BID) in downtown Sunnyvale. The purpose of a BID is to promote and improve a specific geographic area for the benefit of the businesses in the BID area.

Staff is recommending that Council approve the SDA's request of \$47,050 to hire a consultant and fund the part-time executive director's position to manage the consultant and volunteers during the BID formation process. Funds are available in the Downtown Public Improvements Project.

**BACKGROUND**

On December 13, 2005, Council approved the SDA's request of \$6,400 to hire a consultant and a part-time executive director to conduct a Property/Business Improvement District (P/BID) feasibility study.

Staff stated, in the December 13 Report to Council, that if the outcome of the P/BID feasibility study was to move forward with formation of a BID, the SDA would most likely approach the City to request additional funds to complete the BID formation process. At that time, staff estimated that the SDA would request about \$60,000 to complete formation of a BID. The purpose of the feasibility study was to determine if there is sufficient support (and more importantly, no major opposition) for the formation of a BID prior to investing significant dollars in the formation process, which entails a more in-depth review of the costs for potential services and assessments based on the direct benefit each business receives.

A BID is a private sector funding tool that provides funding for specific activities. A BID is re-authorized yearly by the City Council at the request of the businesses. Businesses pay into the BID based on the benefit they receive as members of the district. The purpose of a BID is to promote and improve a specific geographic area for the benefit of the businesses in the BID area. A

BID is a tool used by over 200 business areas in California, including Mountain View, Palo Alto, Santa Clara, Morgan Hill and San Jose.

A BID can only be established at the request of business owners. A BID cannot be established if the majority of business owners oppose it. Council can only renew the BID if no more than 50% of the businesses file a protest. This differs from the Parking Maintenance District renewal process which requires a vote on the assessment. The funds collected can only be used for projects within the BID boundaries. The fact that the business community maintains full control of all BID funds collected is a very strong sales tool when asking for support from business owners at the time of BID initial or annual approval.

The formula for determining the BID assessment amount is determined by the business organization that initiates the BID process, not the City. The respective business group would take into account the type, size, and location of the businesses and determine the most equitable formula for each type of business. Assessments are levied on businesses on the basis of relative benefit from the activities to be funded. The City collects the fee on an annual basis. Normally, the BID assessment is included as a separate charge on the business license tax bill that every business within the BID boundaries receives. However, because Sunnyvale has a two-year business license tax cycle, a separate billing process may have to be used. All assessment funds collected by the City are returned to the BID through annual contract agreements. Some cities charge BIDs a fee for administrative costs associated with this service.

The SDA sent a letter dated July 24, 2006, requesting \$47,050 to hire a consultant and fund the part-time executive director position to assist in the formation of a BID for Downtown Sunnyvale (see Attachment A). Although the creation of a BID is not dependent upon participation by the mall, should a BID be formed in Sunnyvale, the Mall cannot oppose the BID formation. Section 10.05 of the Disposition and Development and Owner Participation Agreement (DDOPA) between the Redevelopment Agency and Fourth Quarter Properties XLVIII, LLC requires the developer to support formation of a BID in downtown Sunnyvale. The DDOPA specifically states "In the event a business improvement or property improvement district (District) is formed for the downtown, Developer shall not oppose or protest such formation". However, their assessment amount will be determined along with other businesses during the formation process.

### **EXISTING POLICY**

#### **Socio-Economic Element: Economy and Employment**

Policy 5.1B.2 Participate in partnerships with local industry/businesses in order to facilitate communication and address mutual concerns.

Policy 5.1C.1 Support efforts to establish Sunnyvale's downtown area as a strong commercial center for the City.

## **Land Use and Transportation Element**

Policy N1.13 Promote an attractive and functional commercial environment.

Policy 2.5D2k Continue to encourage pedestrian and commercial activity on the sidewalks of the historic 100 block of Murphy Avenue.

## **DISCUSSION**

In January 2006, the SDA hired Dave Kilbourne with Downtown Revitalization Consultants to conduct a feasibility study following City Council approval of \$6,400 to fund the study. The feasibility study concluded that there was sufficient support for and no significant opposition to the creation of a BID for downtown Sunnyvale (see Attachment C). This is important because the only circumstance under which a BID cannot be formed is if businesses paying more than 50% of the assessment file a protest against forming the BID.

Mr. Kilbourne facilitated two workshops to discuss the overall P/BID concept with as many businesses as possible. The workshops were held on February 22, 2006 at 9:30 am and at 2:00 pm. Eighteen business owners attended the 9:30 am workshop and thirteen additional business owners attended the 2:00 pm workshop. Mr. Kilbourne provided workshop attendees with an overview of a P/BID concept and discussed the differences between a Property Based Improvement District (PBID) and a Business Based Improvement District (BID).

Mr. Kilbourne talked about other similar districts and their programs. Mr. Kilbourne discussed the type of projects and activities a Sunnyvale BID may be able to provide. Possible boundaries and benefit zones for a Sunnyvale BID were also discussed. Based on oral comments received at the workshops and the written comments submitted by the attendees, the initial priorities of the attendees were: marketing and promotion of the downtown area, special events and activities, and enhanced sidewalk maintenance. The exact BID programs, costs for each program, and appropriate assessments based on benefits to each type of business would be identified during the BID formation process.

Workshop attendees were concerned with business owners not receiving enough and/or early notification. A few attendees were concerned with the type of criteria that would be used to develop the assessment formula. Also, workshop attendees wanted to know what assurance they had that funds collected would be used to improve the downtown area. Mr. Kilbourne explained that in accordance with state law, there are very strict rules on how a BID can be formed as well as how funds collected by a BID can be used.

In the final feasibility report (See Attachment C), Mr. Kilbourne states that based on the stated and written preferences of the workshop attendees regarding whether they would support the establishment of either a BID or a PBID, it was clearly shown that there was support for and no strong opposition

for the establishment of a Sunnyvale Downtown BID. At the workshops, business and property owners discussed the types of programs they would support. No formal decisions were made about the programs to be formally included in the BID. Based on the results of the feasibility study and Mr. Kilbourne's professional recommendation, the SDA decided to move forward with requesting funds from the City to form a BID.

If the City supports the request for start-up funding, the SDA will establish a committee that will work on making recommendations regarding the BID. In some cities, such as Palo Alto, the City Council has participated in appointing the BID committee members. The committee will have responsibility for addressing the necessary steps to create a BID. Some of the major steps are discussed below:

- Identifying the BID boundaries: A map needs to be created to show the exterior boundaries of the BID. The boundaries will be established based on the interest of business owners willing to participate in a BID.
- Setting benefit zones: By law, the BID fee must show a relationship between amount paid in and the benefit received by each business. BIDs must establish benchmarks and be able to measure the results of the BID services.
- Determining assessment methodology: The methodology may be determined by business type, business location, or business size. The intent is to make the assessment equitable to all businesses within the BID.
- Identifying BID activities: Common BID service options can include; marketing and promotion, special events, and maintenance (over and above the basic level provided by the local municipality). Although the City cannot require specific services to be included in a BID, the City has expressed strong interest in having the BID include the enhanced maintenance on Murphy Avenue as one of the activities. The City has been funding the enhanced maintenance on a year-by-year basis until a BID could be established. Once established, the BID members can determine if they want to continue this service and include this as a priority.
- Establish a BID budget: This will be based on the type and levels of services the BID will offer. The more services that the BID offers and/or the higher the level of service, the higher the budget and the higher the assessment per business.

Once the committee completes the necessary steps, the SDA will have to return to Council to request that a BID be formed. Council must adopt a resolution of intention to establish a BID. The resolution must describe the proposed

boundaries as well as set the time and place for a public hearing. Notice of the public hearing on the proposed BID must be published in the local newspaper and mailed by first class mail to all business owners within the proposed BID boundaries. The City Council must then hold a public hearing to consider all oral and written protests regarding the formation of a BID. A vote of the businesses is not required. If businesses do not support the proposed BID, they must file a protest in writing or in person before the City Council at the public hearing. The consultant has stated that the formal action for creating a BID will not be brought to the City Council until it is clear that there is no strong opposition to the formation of a BID in downtown Sunnyvale.

If a majority protest is not filed, the City Council may establish a BID by adopting a resolution to that effect. Council cannot add territory to the boundaries or change the annual assessment fee without notifying business owners of that change, and only after holding a full and formal public hearing. The adopted ordinance must include the method and basis of levying the benefit fees and the time and manner of collecting the fees. The City's intent is to be reimbursed for collecting the fees.

If protests are filed by business owners who would pay 50% or more of the proposed assessment, a BID cannot be formed nor can it be pursued again for one year. If the majority of protest is only against the furnishing of a specific type or types of activities, those types of activities must be eliminated. Approximately 180 businesses are located in the area bounded by Carroll, Iowa, Mathilda and Evelyn Avenues. The boundaries could be drawn to include all or part of these businesses and could be drawn to exclude areas with strong opposition to formation of a BID.

Based on information posted by several downtown organizations on the California Downtown Association's website, it has been very difficult to identify a BID that was started without the assistance (financial and/or staff support) from the local municipality. Most cities have provided some financial support during the BID formation period. Palo Alto's merchant association formed a BID in January 2004. The City of Palo Alto provided a total of \$26,000 in financial assistance and staff provided an estimated 800 to 1000 hours in Economic Development staff support during the BID formation process. The Cities of Santa Clara, Morgan Hill, and Mountain View have also contributed financially to the creation of their BIDs.

The SDA is requesting \$47,050 for the BID formation process. The SDA has budgeted \$35,750 for the consultant's fee for the BID formation process. This is based on a proposal the SDA received from the consultant that completed the feasibility study. The part-time executive director position is budgeted at \$10,000 (400 hours at \$25 per hour). The role of the part-time executive director will be to manage the consultant, volunteers, and to do the outreach.

Outreach includes outreach meetings, printing and duplication, maps, mailings, and postage for all the required documents. The SDA expects that six (6) volunteers will work an average of six (6) hours per week during the BID formation process. The volunteers will be downtown business owners and will contribute approximately 864 volunteer hours (equivalent to \$21,600) to meet with businesses and solicit support for the BID.

The project accounting can be set up so that the City only reimburses the SDA for completed services related to the BID formation process. The 1264 hours budgeted by the SDA would offset the number of hours that would otherwise be required of City staff. The Economic Development budget for FY 2006/07 includes 100 hours of staff time to support the BID, which is adequate to provide support for City oversight of the process but insufficient to provide the administrative services needed to complete the BID formation process. The funding request from the SDA includes the cost of the administrative services as well as costs for the consultant. In FY 2005/06, staff spent approximately 55 hours working with the SDA and the consultant on the feasibility study.

#### **FISCAL IMPACT**

The creation of a BID should result in a positive fiscal benefit resulting from increased business activity in the downtown area. Businesses may be able to increase their sales, thereby generating higher sales tax revenue for the City. In FY 2005/06 sales tax revenue from the area that will most likely be included in the BID boundary was about \$752,000.

A BID may be a vehicle whereby the Murphy Avenue businesses can assume responsibility for funding the enhanced maintenance service level for Murphy Avenue. The enhanced maintenance service level for the 100 block of Murphy Avenue has been funded by the City for the last several years. The FY 2005/2006 budget for the Downtown Area Maintenance project is \$24,420. The businesses will have the option of prioritizing and continuing the enhanced maintenance services through the BID.

The City's cost to collect the BID assessment would be about \$3,500 per year based on the FY 2005/06 actual cost and assuming that 140 businesses are part of the BID. The City's cost would be reviewed and adjusted annually and should be included as part of the BID budget as reimbursement to the City.

Staff is requesting Council approval of Budget Modification No. 7 to fund the SDA's request of \$47,050 for formation of a BID in downtown Sunnyvale. Approval of Budget Modification No. 7 would establish a special project budget for formation of a BID. Staff recommends that this project be funded with the set-aside funds available in the Downtown Public Improvements Project. Per Council direction at the February 1, 2005 meeting, the funds in the Public

Improvements Project is "set-aside for unspecified downtown purposes including matching funds (RTC 05-017)."

If the BID is not approved by the businesses, the City would not be reimbursed. However, the role of the consultant is to work with the SDA to draw the boundaries such that they exclude areas with strong protests and set the assessment so that all participating businesses are paying in direct proportion to the benefits they receive. The consultant has stated that the SDA will not bring the BID to the City Council for approval until there is sufficient support to form the BID. The consultant has a 95% success rate in forming BIDs throughout California.

**BUDGET MODIFICATION NO. 7  
FISCAL YEAR 2006/2007**

	<u>Current</u>	<u>Increase (Decrease)</u>	<u>Revised</u>
<b>General Fund</b>			
<u>Expenditures:</u>			
New Project – Formation of a BID in Downtown Sunnyvale	\$ 0	\$ 47,050	\$ 47,050
<b>Redevelopment Agency Fund</b>			
823490 Downtown Public Improvements	\$140,278	(\$47,050)	\$93,228

**CONCLUSION**

Council approved the SDA's request of \$6,400 as funding for a feasibility study in December 2005. The SDA stated that if the outcome of the feasibility study was to move forward with formation a BID, the SDA would ask the City for additional funding for the BID formation process. The feasibility study concluded that there is sufficient support for and no significant opposition to the creation of BID in downtown Sunnyvale. The next step in the process is to formally decide the boundaries, establish the specific services and determine the funding formula based on benefits to the individual businesses. Approximately 180 businesses are located in the area bounded by Carroll, Iowa, Mathilda and Evelyn Avenues. Thirty-one businesses attended the workshops and are supportive of going forward with the BID formation. All businesses were notified and no active opposition was expressed. This is important because the only circumstance under which a BID cannot be formed is if businesses paying more than 50% of the assessment file a protest against forming the BID.

Therefore, the SDA is now requesting \$47,050 to hire a consultant to work with the businesses in creating an appropriate BID structure, to provide administrative support to the consultant during the BID formation process and to conduct all the outreach meetings. The SDA does not have the resources to move forward with the BID formation process without the City's financial assistance. Therefore, the SDA is requesting seed money to start the BID formation process based on models used by other cities, as mentioned in this report. Also, the SDA will contribute approximately \$21,600 as in-kind volunteer hours to assist during the BID formation process.

### **PUBLIC CONTACT**

Public contact was made through posting of the Council agenda in Public places, on the City's web page, and the publication of the general business/public hearing items in the San Jose Mercury News. SDA representatives were also advised of the City Council meeting date and time.

### **ALTERNATIVES**

1. Approve the SDA's request of \$47,050 to hire a consultant and fund the part-time executive director position to form a BID in downtown Sunnyvale, approve Budget Modification No. 7 and direct staff to discontinue the costs for enhanced maintenance on Murphy Avenue in the FY 2007/08 budget.
2. Approve the SDA's request of \$47,050 to hire a consultant and fund the part-time executive director position to form a BID in downtown Sunnyvale, approve Budget Modification No. 7.
3. Do not approve the SDA's request.
4. Other actions as determined by City Council.

### **RECOMMENDATION**

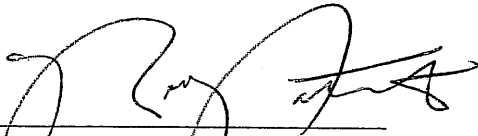
Staff recommends approval of Alternative #1. A BID is a self-help funding tool that will give downtown businesses a means to pool their resources by assessing themselves to collectively pay for programs which would not be possible on an individual basis. The creation of a BID should result in a positive fiscal benefit resulting from increased business activity in the downtown area. Businesses may be able to increase their sales, thereby generating higher sales tax revenue for the City. They will also have the option of continuing the enhanced maintenance in the downtown area, primarily along Murphy Avenue, if this is determined to be a priority by the participating businesses.

The City's contribution would not be reimbursed if a BID is not approved. However, based on the feasibility study, there is no strong opposition to the formation of BID. The SDA has stated that many businesses support the concept of a BID and no individual business owner or group of business owners have expressed opposition to forming a BID. Although one business owner initially indicated he would not support a BID, he is willing to look at the



program before making a final determination. The consultant has said that a BID formation will not be brought forward until the SDA is certain that the BID will not be opposed. The consultant has a 95% success rate in forming BIDs throughout California. Many other cities in California have provided seed money in the formation of their BIDs. Staff believes that a total public commitment of \$53,450 (which includes the cost of the feasibility study) will return significantly more to the City over time in increased sales tax revenues and reduced City maintenance expenditures.

Reviewed by:

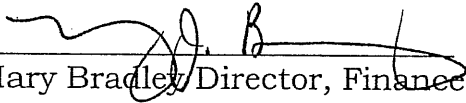


Robert Paternoster Director, Community Development

Prepared by: Connie Verceles, Business Development Manager

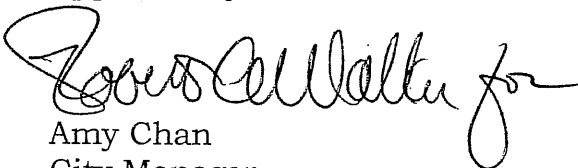
Karen L. Davis, Economic Development Manager

Reviewed by:



Mary Bradley Director, Finance

Approved by:

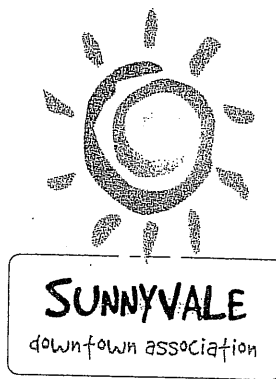


Amy Chan  
City Manager

**Attachments**

- A. Letter from the Sunnyvale Downtown Association
- B. Downtown Sunnyvale Business Improvement District Feasibility Report-  
prepared by Downtown Revitalization Consultants





July 24, 2006

Amy Chan  
City Manager  
City of Sunnyvale  
456 W. Olive Avenue  
Sunnyvale, California 94086

RE: Downtown BID Feasibility Study

Dear Ms. Chan:

This letter is to inform you of the status of the Business Improvement District (BID) feasibility study the City of Sunnyvale funded for the downtown. The Sunnyvale Downtown Association (SDA) hired David Kilbourne with Downtown Revitalization Consultants to conduct the study. The SDA also hired Mike Johnson as a part-time executive director to assist with the study.

Based upon the results of the feasibility study, and Mr. Kilbourne's recommendations, the SDA would like to proceed with the full BID formation process. Mr. Kilbourne has completed over 100 BIDs and has a BID formation success rate of 95%. BID formation process. In preparation for the feasibility study, the SDA invited all downtown businesses. Notice was given via flyers and door-to-door solicitation. Ultimately, there were two workshops held and of the business that participated, only one business indicated that it would not support the BID. Many businesses due to the nature of their lease situation, primarily Town and Country, did not participate. Consequently, no strong opposition to BID has been formed, which is also reflected in Mr. Kilbourne's final report. Thus, the SDA would like to keep the momentum and move forward with the BID.

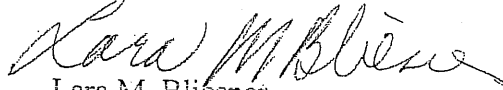
Based upon the estimated budget, the SDA would like to request \$47,050 from the City of Sunnyvale to fund the BID formation process. Please see the attached line-item budget for how the funds will be used. Please note that the amount requested is less than the \$60,000 original estimate that was discussed when the SDA requested funds for the feasibility. The funds are needed to hire Mr. Kilbourne to conduct the formation process.

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and to fund the part-time executive director position to assist in the BID formation process. The part-time executive director will only charge hours directly related to the BID formation process. Mr. Kilbourne expects that the process will take about six months to complete.

The SDA would like to thank the City for their support and look forward to working with City staff during the BID formation process.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Lara M. Bliesner', written in dark ink.

Lara M. Bliesner  
President, SDA

cc: Connie Verceles, Business Development Manager

Estimated Budget for BID Formation Process						
Expenses						
BID Consultant Fee	\$35,750.00					
Estimate Postage	\$200.00					
Estimated Printing Costs	\$400.00					
Estimated Cost Legal Notices	\$700.00					
SDA Staff - One staff member to manage consultant, volunteers, activities	\$10,000.00	400 hours @ \$25/hr				
Volunteer Hours*	\$21,600.00	6 volunteers 6 hours a week for 6 months @ \$25/hr				
*The SDA will not be paying the volunteers. The volunteers will be used to ensure a successful BID formation.	\$168,650					
Total Expenses	\$47,050.00					
Revenue (City's Grant)	\$47,050.00					
Total Revenue	\$47,050.00					
Total Budget	\$47,050.00					



# **Downtown Sunnyvale Business Improvement District Feasibility Report**

**Downtown Revitalization Consultants  
July 4, 2006**

**Report Regarding Feasibility of Establishing a Downtown Sunnyvale  
Business Improvement District, (BID/PBID).**

**To: Joe Antuzzi, President, Sunnyvale Downtown Assoc.**  
**From: Dave Kilbourne, Downtown Revitalization Consultants**  
**Re: Report On Business Improvement District (BID/PBID) Establishment  
Feasibility For Downtown Sunnyvale.**

**A) Report In Brief:**

Following two days of meetings with the District Establishment Committee Core Planning Group and numerous business owners, as well as participating in numerous individual telephone conversations, the following Report provides you and the Committee with the recommendations of Downtown Revitalization Consultants concerning the possibility of establishing a BID/PBID within Downtown Sunnyvale at this time.

**Summary of Findings:**

a) Based on the stated and written preferences of workshop attendees regarding whether they would support the establishment of either a Business-Based, (BID), or Property-Based, (PBID), Improvement District, one or the other, it was clearly shown that there was strong support for the establishment of a Downtown Improvement District at this time.

b) Furthermore, based on the stated and written preferences of the attendees regarding the specific type of District they would prefer, it was clearly shown that a Business-Based District was preferred over a Property-Based District.

note: To avoid confusion between the BID and the PBID, both varieties are referred to generically as a "District" in this Report unless otherwise noted.



**B) Purpose of Study:**

The purpose of this study was to educate commercial business and property owners about BIDs and PBIDs in order to determine if sufficient support existed to proceed with the planning and implementation of a District to support the economic needs of the ongoing downtown revitalization program.

**C) Background:**

In November, 2004, Downtown Revitalization Consultants was contacted by Joe Antuzzi, President of the Sunnyvale Downtown Association. During that talk Joe asked various questions regarding our background experience in BIDs. After further discussion, he asked me to respond to a request for proposals for the establishment of a downtown improvement district, either in the form of a BID or PBID. In January of 2005 I submitted a full proposal for the establishment of a BID or PBID. Following that I visited Sunnyvale and spent several hours in discussion with Joe while touring the proposed project area. During this time I discussed the possible merits of carrying out a BID and/or PBID Feasibility Study prior to embarking on the full and formal establishment program. Joe asked that I submit a second proposal to cover that level of work, which I did in March, 2005.

In April of 2005, DRC was awarded a contract to complete a BID Feasibility Study for the downtown Sunnyvale area.

Over the course of the following twelve months the study process has evolved, slowly and with purpose, to the current point of serious consideration regarding the possibility of a District for Downtown Sunnyvale.

**D) Introduction To The Business Improvement District, (BID and PBID), Concepts:**

1) The Business-Based BID: The business-based Business Improvement District is the original BID concept and is established under SB 1424 ('89). It is the most commonly implemented BID type being used today. It is a private sector funding mechanism which provides the year-to-year financing necessary to give merchants the means to carry out commercial marketing and organizational

management programs, and ultimately, economic success. The BID functions as a self-initiated economic development program funded by an annual benefit fee. This fee is traditionally based on type of business, size and location as a means of determining the most fair and equitable charge method possible. This benefit fee is traditionally weighted in favor of retailers and restaurateurs as the BID is seen as being primarily a commercial marketing program.

The BID is one of the most useful funding mechanisms for specific downtown economic development program funding available to Cities, Downtown Associations and Chambers today. It is estimated that over 200 (business-based) BIDs are currently serving cities within California.

2) The Property-Based Business Improvement District or "PBID": In 1991 newer BID legislation, (AB 3754), was introduced which allowed for the establishment of Districts which assessed owners of commercial properties rather than assessing owners of individual businesses. This type of District is typically found in larger, more built out metropolitan areas as the assessment formula is often based on square footage of a commercial property which is commonly influenced by number of floors within a building.

During the two recent workshops several distinctions between these two districts were discussed, as follows.

- a) The traditional BID, which is business-based, assesses owners of businesses only, while the newer PBID legislation allows for the establishment of Districts which assess owners of commercial properties rather than owners of commercial businesses.
- b) Regarding the time required for District establishment, a BID, on the average, takes six months while a PBID, being much more complex, may take from twelve to eighteen months to complete. Due to this extended schedule and degree of complexity, a PBID typically costs significantly more to establish than the more straightforward original BID.
- c) Petition. Establishment of a PBID requires a petition of signatures of a majority of the property owners within the proposed District boundaries

d) Proposition 218 restrictions. A PBID requires that the City mail out Proposition 218 ballots to all property owners. If more "no" votes than "yes" votes are returned, weighted by dollar of assessment, the City may not form the District. On the other hand, BID approval is not based on Prop. 218 and no balloting is required.

e) Programs. Concerning the programs which each district traditionally sponsors, a BID is mainly marketing based while a PBID is primarily oriented toward security and property maintenance.

f) Renewal. Concerning renewal, BIDs have to be re-approved by the membership on an annual basis while PBIDs are renewed on a five or ten year schedule.

g) Finally, a BID is controlled by an Advisory Board composed of participating business owners while a PBID is controlled by an Advisory Board made up of commercial property owners. A much more comprehensive chart of BID and PBID characteristics was given to workshop attendees and is also provided in the Appendix of this report.

#### **E) Basic Establishment Procedure Of A Improvement District:**

An Improvement District may be established at the request of local business or property owners. The Council must first adopt a resolution stating the merchants' intent and the requirements of State law. The resolution must describe the proposed boundaries as well as set the time and place for a public hearing. Notice of the public hearing on the proposed Improvement District must be published and mailed to all business owners in the area. During the Hearing the Council must consider all oral and written opinion regarding the formation of the District.

If a majority protest is not filed, the City Council may establish the proposed Business Improvement District by adopting an ordinance to that effect. City Council cannot add territory to the boundaries or change the annual benefit fee of the area without notifying business owners of that change, and then only after holding a full and formal public hearing. The adopted ordinance must include the

method and basis of levying the benefit fees and the time and manner of collecting the fees.

**F) Necessary Ingredients For The Successful Establishment Of A District:**

- A perceived catalyst for needed improvement should be shared throughout the business community.
- A well established, non-profit organization should be in place to serve as a private sector sponsor.
- An extraordinary community outreach program and aggressive public relations campaign must be carried out in order to inform all businesses and/or property owners about the proposed District.

This aspect of District establishment may be more of a necessity in Sunnyvale than other venues due to what seems to be a traditional apathy of downtown business owners, as was reported by several longtime downtowners as well as was witnessed during the two public workshops.

The goal of the District Establishment Committee must be to confirm that each and every business has been fully informed about the Program, and has had an opportunity to voice their opinion, air their possible issues and have their questions answered prior to going before Council for District approval.

**G) Methodology For Completion of On-Site Report:**

The methodology used in the development of this report involved a two-day on site visit as well as the completion of two BID information workshops and is consistent with methods used by other consultants working on similar projects in communities throughout the state and country. This method of assessing the level of interest from within the local business community has proven to be the most effective approach available.

The use of subsequent personal opinion surveys provided to all workshop participants offered a critically important secondary method of gauging the level of interest on the part of the business community.

In detail, the following activities and tasks, which completed the methodology, were accomplished during this visit to downtown Sunnyvale.

I visited downtown Sunnyvale on February 22 and 23, 2006 for the following reasons:

- a) To study the downtown district from an outsider's point of view regarding overall current conditions while learning as much as possible about the area in general, through personal observation as well as through discussions with local business owners.
- b) To facilitate two public workshops for the purpose of discussing the overall BID/PBID concepts with as many individual business owners as possible.
- c) To answer related questions posed by workshop attendees.
- d) To have support-opposition personal opinion surveys completed. These surveys would then be used as one of several criteria for feasibility report recommendations.
- e) And finally, following the on-site visit, a Feasibility Report would be submitted by DRC to the Sunnyvale Downtown Association.

#### A Brief Description Of Specific On-Site Activities:

Day One: Tue. Feb. 22, afternoon and evening:

I arrived in Sunnyvale at 2:00 PM and spent several hours walking throughout the downtown area.

At 4:00 I met with members of the BID Core Group including Mike Johnson and Lara Bliesner. We had a walking discussion of the proposed project area while also discussing plans for the workshops scheduled for the following day.

After the Core Group meeting was concluded I met casually with numerous downtown business owners.

Day Two: Wed. Feb., 23, morning and afternoon.

I met with members of the BID/PBID Core Group, which now also included Joe Antuzzi and Connie Verceles, for a pre-workshop planning session at 8:30 AM. At 9:30 AM the morning workshop began. There were eighteen attendees participating in this first workshop.

Specific Items and issues which were presented and discussed were:

- General PBID / BID District concepts.
- Discussion of other similar Districts and their programs.
- Discussions regarding what improvement programs the District might sponsor.
- Discussed possible District boundaries.
- Discussed possible District Zones of Benefit.
- Discussions regarding what might be the most fair and equitable annual benefit fee were carried out.

Following approximately sixty minutes of BID/PBID concept information, as outlined above, the program was opened to the floor in order that any concerns and/or questions might be discussed and answered.

Numerous questions regarding the actual formation procedure as well as the specific cost per business, and how the funds collected would be utilized, were addressed during this time.

It should be shown that several additional issues were brought up and discussed at length during both workshops. These issues were as follows:

a) There is a concern regarding the possibility of businesses not getting sufficient notification and what might happen to them in that case. It was explained that by law the City must send a series of notices by first class mail to each business located within the proposed District boundaries. Furthermore, these notices are printed in the local paper. Additionally, the sponsoring organization, (SDA), will have a "Proposal To Establish A Downtown Sunnyvale BID/PBID District" document, often totaling 30 to 35 pages, published and delivered to every business prior to the facilitation of several BID public information workshops.

b) There was a concern regarding the criteria used in the development of the business-based assessment formula and whether those criteria would lead to the most fair and equitable final assessment amount. It was explained that current BID law, (SB 1424), requires the clear demonstration of relationship between amount paid and benefit received.

c) The issue of other nearby Districts was discussed: The following nearby cities all have highly successful BIDs and PBIDs and, as shown, many have multiple districts.

- Santa Clara (also recently established a Tourism Improvement District)
- Mountain View
- San Mateo
- Palo Alto (X2)
- San Jose (X5)
- San Francisco (X5)
- Oakland (X4)
- Fremont

Furthermore, the neighboring City of Los Altos is currently in the initial planning stages for the establishment of a downtown BID.

d) There were several questions regarding how the funds collected will be used to best benefit participating businesses. This item led into a wider discussion of possible District-sponsored programs as described below.

### Preferred Improvement Programs In Order Of Priority:

- a) **Commercial Marketing And Promotion**
  - define and coordinate the traditional downtown area
  - balanced marketing efforts and activities for the traditional downtown and the new mall
  - encourage/attract new shoppers and visitors
  - consider issue of cross marketing with new mall
  - District to fund staff to plan and manage marketing programs and events
- b) **Special Events And Activities**
  - more and bigger special events
  - continue summer music series
  - seasonal themed special events
  - District to fund staff to plan and manage events
- c) **Sidewalk Maintenance Programs**
  - sidewalk maintenance and repairs
- d) **Parking Improvements**
  - issues regarding identification of existing parking

The morning workshop was held open until there were no more questions from those attending. At the end of the active question and answer session, which evolved into a general round table discussion of the merits and possible shortcomings of forming a BID or PBID, it was agreed that no strong opposition to further consideration of a District was recorded. Personal opinion surveys were turned in at the conclusion of the meeting at 11:00.

At 2:00 PM the afternoon workshop began with a total of thirteen participants. Again, the basic concept of BIDs and PBIDs and how one of them might benefit the downtown Sunnyvale business district was discussed at length. Again, personal opinion surveys were gathered from each participant at the conclusion of the session. A cursory examination of the surveys showed strong support for pursuing a business-based (BID) district for the downtown area.



Based on what was heard and observed during these two open workshops, the conclusion of myself and members of the Core Planning Group was to move forward with preliminary consideration for the establishment of a BID rather than a PBID.

#### Satisfaction of Standard BID Feasibility Criteria:

Based on more than a dozen previous BID Feasibility Analysis Studies, the following criteria have proven to be the most accurate indicators of feasibility:

Criteria 1) Will the proposed new BID be supported by the business community as well as by the host city government ?

This issue can also be answered in the affirmative based upon the following specific supportive information:

#### Survey Results:

a) Careful examination of the personal opinion surveys completed by attendees at both workshops clearly revealed that there was near unanimity among the respondents in their shared desire for improvements through the sponsorship of a new District and aggressive marketing program. The results were overwhelming in favor of pursuing the establishment of a business-based BID district rather than a property-based district. It must be noted that there was one voice in favor of pursuing a property based district (PBID) or no district at all. However, this individual indicated the possibility of stronger support for a District after "more information and discussion regarding the reasoning behind the suggested BID fee structure."

b) It is thought that the City supports the establishment of a BID if the concept is supported by businesses which will be involved in the programs.

Criteria 2) Can the new BID be self-sustaining from an economic point of view, that is, will the new District generate sufficient funds annually to adequately finance desired programs and projects ?

This question deserves an affirmative answer as it has been shown the proposed new BID with an estimate of 170 businesses and a minimal amount of \$250 per business on the average will generate approximately \$42,500 each year. This amount per business is well below the statewide average which is more in the \$300 to \$500 per business range.

Furthermore, it is anticipated that there may be two additional "voluntary" membership categories, one being supportive community members and the other being owners of downtown commercial properties, which will each generate additional funding annually.

A basic outline of suggested types of BID membership is as follows:

Regular Members will be every business located within the proposed District boundaries which takes in the existing "historic" area, designated as "Zone A", as well as the Town Center Mall and the Town and Country which may be designated "Zone C".

"Zone B" businesses may be all businesses located in downtown areas not included in either "Zone A" or "Zone C". All members will be assessed based on type, location and size of business. There will be a fee scale with bigger businesses paying more than smaller businesses. The fee scale will also be determined by type and location of business. Since the BID program is primarily a commercial marketing program, it is felt that retailers and restaurants will benefit the most and therefore will have a higher fee than service and professional businesses.

Individual Members will be non-business owning community members whom are interested in supporting the downtown area and its improvement programs. There may be a voluntary annual fee of \$100. for these members.

Downtown Commercial Property Owners: Many business-based Districts have a strong voluntary cadre of commercial property owners who realize the many benefits accruing to them as a result of the business sponsored improvement programs and projects. Their annual donation is self-determined but tends to be generous in nature.

### Additional BID Feasibility Issues and Factors:

a) BID establishment catalyst: It is felt that the current Sunnyvale commercial economy may be in downturn following the opening of the new mall if steps aren't taken prior to that event. It is the hope of the SDA that the new BID will serve as a "proactive" marketing program rather than a "reactive" one.

b) Possible matching funds: Often the host City provides a match of the funds generated through the private sector during the development and management of a BID. In cases where the City has limited financial resources available to support a new BID, a incrementally diminishing match may be agreed upon. This match often takes the form of a dollar for dollar match the first year, a one for two match the second year and a one for three match the third, and final match year.

After the first three years it is felt that the BID should be able to support itself and its programs. Several examples of California cities which provide a match of BIDs funds collected include Novato, Lodi, Redding and Fairfield, (North Texas Street BID).

In the case of Sunnyvale, however, it must be noted that, as of the date of this Report, in addition to funding the one-time cost of BID establishment, no additional financial commitment to match annual BID collections has been made by the City.

c) A newly formed BID may be an excellent opportunity for the historic downtown district to work more in cooperation with the new mall. Mutually funded downtown merchandising, public relations and special events programs would be a strong regional market force as would be a well thought out cross- marketing program.

d) Potential development of a symbiotic relationship with the Sunnyvale Chamber of Commerce. It is hoped that the creation of a new BID would present the opportunity for these two local business advocacy organizations to work together to successfully market all of Sunnyvale on a regional basis.

It is known that SDA is a Member of the Chamber and that the traditional mission of Chambers everywhere is to support their local members. A letter of support for the new BID from the current Chamber President would be an excellent beginning for this new symbiotic relationship.

**H) Conclusion:** Over the past thirty years, beginning in 1976, I have had extensive experience working on BID-related programs with over one hundred communities, primarily in California. When comparing downtown Sunnyvale with these other BID establishment experiences, I perceive unusually strong support from the core group of downtown businesses. These individuals are highly dedicated and energized, much more than the average BID Committee I have worked with. This group of avid BID Program supporters represents a well established leadership core within the downtown community and enjoys strong support from their business peers

Throughout the two-day BID Feasibility Study I have seen no specific opposition to BID although one business owner asked for additional information prior to making a decision on the BID.

Based on this extensive experience, it is my conclusion that, due to the degree of apparent support, as well as lack of opposition, recently shown within the Sunnyvale business community and the satisfaction of Criteria 1 and 2, as well as supporting factors noted as items "a" through "d", there is currently adequate support indicating feasibility for moving ahead through the full BID establishment process at this time.

**I) Recommended Next Steps:** If the Sunnyvale Downtown Association decides to move ahead with the possible establishment of a (business based) BID, the following schedule of events and activities should be carefully considered.

The item to approve one-time funding for the six-month BID establishment campaign should be placed on a Council agenda for discussion and possible approval. During that evening three items need to be dealt with and approved, as follows:

- 1) Council to receive BID Feasibility Study Report
- 2) Council to receive Staff Report
- 3) Council to approve funding for full and formal BID establishment

**BID Approval Process:** Final approval, or denial, of the BID is not based on one vote per business but by a simple majority of the total dollar amount paid into the District. It should be noted that, by law, a BID cannot be approved if businesses paying more than 50% of the projected annual assessments file a formal protest. However, as is the case with an overwhelming majority of proposed BIDs, if less than 50% of the businesses within the proposed BID oppose the District, Council may, and most often does, move forward with BID approval.

**Schedule:** On average the typical gestation period for a BID is six months. Therefore, if the client wishes to begin the life of the BID on a calendar year basis, work should begin with the establishment program around June 1. This schedule will provide the necessary six month window as well as ample time for the City Finance Department to gear up and get out the initial invoices, which should go out in the mail Jan. 1, 2007 and be due no later than Jan. 31.

A basic outline of actual BID establishment milestones needed to be accomplished in order listed is provided in the Appendix Section of this report.

Please contact me at your convenience should you have questions regarding the subject of, or recommendations made within, this report.

Sincerely:

Dave Kilbourne, Director  
Downtown Revitalization Consultants  
7-04-06

## **Appendix**

- A) Statement of Professional Qualifications
- B) A Brief, and Simplified, Comparative Chart Of BIDs and PBIDs
- C) BID Feasibility Study Questionnaire
- D) Traditional Items and Issues To Be Studied and Resolved During BID Feasibility Analysis and Establishment Process
- E) Invitation To BID Workshops
- F) Explanation of Primary BID Establishment-Related Tasks During Establishment of Sunnyvale Downtown BID
- G) Consultant's Month-by-Month Scope of Work For Full and Formal Establishment of a Downtown Sunnyvale Business Improvement District
- H) BID 101 Document

**APPENDIX DOCUMENTS:****Appendix A)****Statement of Professional Qualifications For David Kilbourne, Principal,  
Downtown Revitalization Consultants**

**Professional Qualifications:** By way of professional introduction, Kilbourne is the Principal of Downtown Revitalization Consultants and has been deeply involved in downtown economic development since 1975. During the past thirty years he has been instrumental in establishing over one hundred Business Improvement Districts (BIDs) in California as well as Districts in other states. His most recent work involved the highly successful establishment of a BID and Downtown Economic Development Program for Olympia, WA.

In addition to his work establishing BIDs, he has been a downtown Chico retailer for the past thirty years and served as Director of the Downtown Chico Business Association, (DCBA), which is funded through one of California's earliest BIDs, for fifteen years. Furthermore, he served as President of the California Downtown Association as well as Manager of that statewide organization, which is recognized as the largest and oldest statewide downtown association in the country.

**Appendix B)****a) A Brief Comparative Chart of BIDs and PBIDs**

	<b><u>Business-based (BID)</u></b>	<b><u>Property-based (PBID)</u></b>
<b><u>Assessment levied on</u></b>	business owners	property owners
<b><u>Traditional venue</u></b>	small to medium size (DT) business areas	often metro. environ. due to assessment typically being based on sq. footage
<b><u>Traditional programs</u></b>	commercial marketing special events civic beautification parking improvements	areawide safety / security property maintenance / mgt.
<b><u>Traditionally initiated by</u></b>	City or interested business owners	Property owner petition
<b><u>Time required to form</u></b>	typically 5-6 mos.	may range up to 18- 24 mos including engineering and petition drive
<b><u>Petition of Support</u></b>	none required	petition attesting 50%+ support required prior to approval
<b><u>Protest required to defeat</u></b>	businesses paying 50%+ of fees	owners paying 50%+ of fees
<b><u>Balloting required</u></b>	no	approval of a majority of property owners, weighted by dollar of assessment, necessary due to Prop. 218
<b><u>Re approval schedule</u></b>	annually	five to ten years
<b><u>Management of funds</u></b>	City and Advisory Board made up of participating businesses	City and Advisory Board made up participating property owners



## Appendix C)

### BID Feasibility Study Questionnaire

Thank you for attending this workshop. Your comments and ideas are important to us. Please fill out and submit this questionnaire so we can finalize our planning regarding a possible new BID.

1) Do you feel that you have sufficient information on the concept of a Business Improvement District and how it would benefit your business?

yes \_\_\_\_\_ no \_\_\_\_\_

2) Would you support further exploration of the possible formation of a Downtown Sunnyvale Business Improvement District?

yes \_\_\_\_\_ no \_\_\_\_\_

If not, what would change your mind? \_\_\_\_\_

\_\_\_\_\_

3) Would you prefer a Business-Based BID or a Property-Based BID ?

\_\_\_\_\_ Business-Based \_\_\_\_\_ Property-Based

4) What major projects would you like the BID to accomplish?

\_\_\_\_\_  
\_\_\_\_\_

5) Would you like to have an appointment with a member of the Committee to further discuss the concept of a Business Improvement District? \_\_\_\_\_

6) Would you be willing to serve on the BID Board or on a BID committee?

yes \_\_\_\_\_ no \_\_\_\_\_

Name \_\_\_\_\_

Name of business or location of property \_\_\_\_\_

### **Appendix D)**

#### **Twenty Traditional Items and Issues To Be Studied and Resolved During The Preliminary BID Planning Process:**

- 1) Is there a need for a BID-PBID in Downtown Sunnyvale? If so, why?
- 2) Is there a legitimate, credible sponsoring organization. (Usually the existing Downtown Association).
- 3) Are strong business community leaders available?
- 4) Identify possible BID-PBID Core Planning Group (usually 4-6 members).
- 5) Identify possible BID-PBID Establishment Committee (usually 12-15 members that are business community leaders and strongly in favor of a new District).
- 6) Has a District been attempted in the past?
- 7) If so, are businesses still active which opposed the previous district ?
- 8) Amount of known support and anticipated opposition.
- 9) Determine most appropriate BID-PBID boundaries.
- 10) Consider possible zones of benefit within proposed boundaries.
- 11) Determine approximate number of businesses located within proposed boundaries. Is there a list of owners?
- 12) Determine approximate number of commercial properties located within proposed boundaries. Is there a list of owners?
- 13) Discuss possible BID-PBID assessment formulas.

- 14) Issue of potential earning power of proposed BID-PBID. Estimate what annual BID-PBID assessment collection might total.
- 15) Issue of relationship of anticipated earnings to cost of desired programs.
- 16) Discuss BID-PBID programs. How will the money be used to benefit the members ?
- 17) Discuss draft budget (s) for possible BID-PBID programs.
- 18) Issue of Support of City. City Council. City Management Team.
- 19) Issue of possible City funding:
  - Sponsorship of one-time cost of initial BID-PBID establishment.
  - Possible annual match for established BID-PBID.
- 20) Are there other BID-PBIDs within the Sunnyvale region? Are they successful?

## Appendix E)

### Sunnyvale Downtown Association BID/PBID Feasibility Study Meetings

#### LET YOUR VOICE BE HEARD!!

On December 13, 2005, the City Council approved the SDA's request for funding to conduct a feasibility study for a Business Improvement District or a Property Business Improvement District.

On February 22, 2006, Dave Kilbourne from Downtown Revitalization Consultants will be holding two meetings. One meeting will be held at 9:30 a.m. and the second meeting will be held at 2:00 p.m. Both meetings will have the same agenda. We have scheduled a morning and afternoon meeting to allow merchants to fit one into their schedule.

These meetings are to inform merchants about Business Improvement Districts or Property Business Improvement Districts. These meetings are scheduled to last approximately 60-90 minutes.

These meetings are very important. They will determine how the Historic Downtown will support its upkeep, events, marketing, parking and future.

BE A PART OF THE SOLUTION

MAKE YOUR VOICE HEARD

GET INVOLVED!!!

Meeting Date: *Wednesday February 22, 2006*  
Location: *The Historic Del Monte Building*  
Times: *9:30 a.m. & 2:00 p.m.*

Please RSVP by February 15, 2006, by calling Lara Bliesner at 408-404-5010 or e-mail at [bliesnerlaw@gmail.com](mailto:bliesnerlaw@gmail.com)

If you are unable to attend either of these meetings, please feel free to contact us. We want to keep you informed.

## **Appendix F)**

### **Explanation of Primary BID Establishment-Related Tasks Downtown Sunnyvale BID Formation:**

- 1) **Achieve consensus, identify motive / catalyst to form BID: Examples most commonly identified are as follows:**
  - Need downtown management-administration format for programs implementation
  - Need to mitigate retail sales leakage
  - Need to more effectively compete with regional malls and national discounters
  - Need for streetscape-pedestrianization improvements
  - Problem of commercial vacancies
  - Need for commercial marketing program, image-building
  - Need for add'l parking or heightened awareness of existing parking
- 2) **Establishment of Formation Committee:**
  - Typically this group would be made up of Downtown business leaders
  - Need to strive for wide, diversified representation
  - Need to include City Liaison as active Committee member
- 3) **Initial BID planning work with Committee and Consultant:**
  - Orientation of Committee to BID concept and formation process
  - Develop suggested District boundaries
  - Establish zones of benefit, typically two or three zones
  - Develop suggested assessment formula matrix
  - Develop BID programs, generally commercial marketing-oriented
  - Develop BID budget
- 4) **Committee needs to develop full and accurate inventory of existing businesses:**
  - Work with most current business license list
- 5) **Send memo to City Hall requesting support for BID formation campaign:**
  - Traditional method is the use of a "Proposal To Form BID"
- 6) **Begin development of Primary BID Information Package. Distribute to all businesses, City Staff, City Council, media, etc. This is the primary public relations tool and should contain the following:**
  - An explanation of the overall BID concept and suggested programs
  - A description of District boundaries
  - A description of possible Zones of Benefit,
  - Suggested annual benefit fee assessment formula with matrix
  - An explanation of the Annual BID Budget
  - An explanation of the BID legislation safety features
  - An extensive Q&A Section

- 7) Schedule Public Information Workshops designed to educate business owners on the BID concept: (a very critical public relations process)
  - Develop local media support
  - Attempt to identify opposition, if any
- 8) Formation Committee members to go out in teams:
  - Visit area business owners following distribution of information package
  - Efforts need to be made to match up Formation Committee teams with business peer-types
- 9) Hold add'l public information workshops if necessary
- 10) Work with any opposition that has been identified on individual basis:
  - Use business peers whenever possible
- 11) If desired, develop Memo of Understanding (MOU) to be accepted and approved by Council
- 12) City to develop Resolution of Intention to Form District:
  - Guidelines provided by consultant
- 13) City to begin drafting BID Ordinance
  - Guidelines provided by consultant
- 14) Notice of Intent to Form District is mailed to all businesses by City
  - Must be First Class mail
  - Formation Committee to attach introductory cover letter
- 15) Notice of Intent To Form District is published in local newspaper
- 16) Consider circulating a petition of support, or non-opposition, if necessary
- 17) Get accurate estimate of any organized opposition, arrange meeting(s), if necessary
- 18) Approval of Resolution of Intention to Form BID is held before Council:
  - It is important to have all BID supporters present.
- 19) Protest Hearing is held before Council
  - It is critically important to have all BID supporters present as well as their employees, business neighbors and associates. (It is effective to hold a pre-hearing gathering that evening to organize final supporter attendance).
- 20) Final reading and adoption of BID Ordinance:
  - It is recommended to have Formation Committee members present at this reading

## **Appendix G)**

### **Establishment Of A Business Improvement District Under California SB 1424 (Task Duration Is Approx. 20 to 24 Weeks)**

#### **Monthly Activities Schedule Regarding the Formation of a Downtown Sunnyvale Business Improvement District**

##### **Month One**

###### **General Tasks:**

Identification and Orientation of BID Formation Committee  
Initial project planning  
Developing City support  
Analysis of existing conditions

**Meetings:** three weekly on-site visits

###### **Activities: (15+)**

- Develop and approve schedule during overall formation process
- Identify sponsoring organization, (should be private sector)
- Identification of Formation Committee
- Hold orientation session and general BID concept information workshop with Formation Committee
- Review Formation Committee responsibilities
- Discuss roles of support organizations
- Discuss need for non-profit status with sponsoring organization
- Make contact with appropriate City Staff
- Begin discussion of assessment matrix
- Begin discussion of BID budget
- Begin discussion of BID boundaries and zones of benefit, work with large map of suggested area
- Begin development of annual BID programs
- Begin up-to-date inventory of existing businesses located within suggested boundaries
- Develop agenda for remainder of formation process
- Any other necessary activities for Month One

## Month Two

### General Tasks:

Advanced project planning and development

Meetings: three weekly on-site visits

### Activities: (13+)

- Review of first month activities, i.e., progress to date
- Review of work accomplished during interim, add'l committee meetings, media coverage, etc.
- Using available data, develop complete listing of all businesses located within suggested BID boundaries
- Confirmation of boundaries and zones of benefit
- Confirmation of assessment formula
- Confirmation of annual BID budget and programs
- Develop estimate of annual BID earnings
- Begin development of primary information package
- Development of list of supporters
- Development of district map for information package  
(in 8.5 x 11 size), work with City Planning Dept.
- Begin planning public information workshop
- Letter of request for support to City Council from Committee
- Any other necessary activities for Month Two



### Month Three

#### General Tasks:

Public relations campaign,  
Begin development of legal documentation

Meetings: three weekly on-site visits, including public information workshop

#### Activities: (15+)

- Review progress to date, media coverage, etc.
- Final confirmation of assessment formula, boundaries and Zones of Benefit
- Final confirmation of annual programs and budget
- Finalize Primary Information Package. "A Proposal To Form A Downtown Sunnyvale BID"
- Discuss information package distribution details, develop distribution teams
- Print information package
- Deliver information packages to City Council
- Deliver information packages to all businesses
- Work with City Staff and City Attorney re: legal aspects, schedule, etc. of BID establishment
- Begin drafting Resolution of Intent to form BID as well as actual BID ordinance
- Draft MOU as a means of detailing understanding between City and BID Committee
- Work with local media representatives re: positive, constructive coverage of establishment effort
- Organize press conference, at that time deliver information packages to media representatives
- Hold initial public information workshop re: BID concept
- Any other necessary activities for Month Three

### Month Four

#### General Tasks:

Continued public relations,  
Review legal aspects of BID establishment,  
Continued development of legal documents

#### Meetings: Bi-weekly with Committee

#### Activities: (8+)

- Review progress to date, media coverage, etc.
- Continue to work with local media representatives  
re: positive, constructive coverage of establishment effort
- Committee members visit businesses to discuss BID and answer questions,  
as follow-up to distribution of Primary Information Package
- Hold additional public information workshop, if necessary
- Work with businesses opposing BID formation as necessary
- Work with City Attorney and Staff re: final approval as to form and  
wording of Resolution of Intention (ROI) and BID Ordinance
- City mails, by first class, and publishes notice of hearing to adopt  
Resolution of Intention to form BID. (This document should be  
accompanied by cover letter from Committee )
- Any other necessary activities for Month Four

### Month Five

#### General Tasks:

Public relations,  
Working with opposition, as necessary  
Plan and develop full support attendance for evening of Protest  
Hearing  
Adoption of ROI

Meetings: Bi-weekly with Committee, also attendance at public hearing

#### Activities: (7+)

- Review progress to date
- Meet with representatives of Council and Staff to discuss details re: adoption of Ordinance
- Plan and develop full support attendance for evening of Resolution of Intention approval
- Acceptance of Resolution of Intention
- Plan and develop full support attendance for evening of Protest Hearing
- Work with opposition as necessary
- Any other necessary activities for Month Five

### Month Six

#### General Tasks:

Public relations,  
Working with opposition, as necessary  
Planning for evening of Protest Hearing

Meetings: Bi-weekly with Committee, also attendance at public hearing

#### Activities: (6+)

- Final public relations work with businesses, media, etc.
- Confirm full support attendance at Protest Hearing
- Attend BID adoption hearing
- Adoption of BID Ordinance
- Work with City Staff to prepare for BID billing
- Any other necessary activities for Month Six

#### Fee:

The fee for professional consulting services to be provided throughout the six-month BID establishment Program would amount to \$35,750, which is the standard program fee minus \$1,500, or one-half of the fee to complete the BID Feasibility Study, as agreed upon at the beginning of this work phase.

Typically there are additional non-consulting costs, such as postage and required publications which may be factored into the total cost estimate. Furthermore, some cities also factor Staff time into the BID cost equation. It should be noted, however, that traditionally BID establishment Programs are primarily completed through the efforts of downtown business owner volunteers.

## Appendix H)

### BID 101 An Introduction To The Business Improvement District Concept

**1) What Is A Business Improvement District ?** The Business Improvement District is a private sector funding opportunity which provides the year-to-year financing necessary to give merchants the means to carry out downtown commercial marketing and organizational management programs.....and economic success. The BID functions as a self-initiated downtown economic development program funded by an annual benefit fee. This fee is traditionally based on type of business, size and location as a means of determining the most fair and equitable charge method possible. This benefit fee is traditionally weighted in favor of retailers and restaurateurs as the BID is seen as being primary a commercial marketing program.

The BID, which is formed under California SB 1424, is one of the most useful funding mechanisms for specific downtown economic development program funding available to Cities, Downtown Associations and Chambers today. It is estimated that over 200 BIDs are currently serving cities within California. In addition to California, most other states have similar legislation allowing for the establishment of downtown improvement program funding districts.

#### **2) Why Are BIDs Established?**

Four Traditional Downtown Problems Which Serve As Catalysts To Inspire And Motivate The Business Community... Often Leading To The Formation Of A BID:

**1) Loss of Market Share:** Retail sales leakage to malls, neighboring metropolitan shopping districts, national discounters and factory outlet centers creates a compelling need to develop and implement a downtown-specific commercial marketing program and strategy.

**2) Need For Physical-Visual Improvement** in the form of civic beautification, streetscape improvements, downtown aesthetics, etc. A need for project area "Special Effects" such as entryway arches, monumentation and signage, awnings, public arts programs, flowers, plants, trees, flags and banners, street furniture and other pedestrian amenities.

**3) Need for Parking Improvements** such as signage, beautification, and planning. Parking token programs and promotion, etc. The BID does not typically provide "bricks and mortar" financing for the actual development of parking infrastructure due to its limited funding capacity.

**4) Commercial Vacancies And/Or Unsatisfactory Mix Of Businesses,** such as a high percentage of commercial vacancies or too many personal care salons or Chinese restaurants, or thrift shops, etc., leads to a Commercial Recruitment and Retention Program.

### **3) Basic Establishment Procedure Of A Business Improvement District:**

A Business Improvement District can be established at the request of local business owners. The City Council must first adopt a resolution stating the merchants' intent and the requirements of State law. The resolution must describe the proposed boundaries as well as set the time and place for a public hearing. Notice of the public hearing on the proposed Business Improvement District must be published in the newspaper and mailed to all business owners in the area. The City Council must then hold a public hearing to consider all oral and written opinion regarding the formation of the Business Improvement District.

If a majority protest is not filed, the City Council may establish the proposed Business Improvement District by adopting an ordinance to that effect. City Council cannot add territory to the boundaries or change the annual benefit fee of the area without notifying business owners of that change, and then only after holding a full and formal public hearing. The adopted ordinance must include the method and basis of levying the benefit fees and the time and manner of collecting the fees.

### **4) Benefits Of A BID: Why Should Merchants Consider The Establishment Of A Business Improvement District ?**

- a) A BID unifies all businesses to work toward a common goal, that of an economically revitalized Business District.
- b) A BID mitigates retail sales leakage by allowing the area to compete more effectively for regional market share through the generation of greater local marketing resources and strengths.
- c) A BID supports businesses in the area through commercial recruitment, retention and promotion as well as through the sponsorship of "shop at home" and downtown image-building campaigns.
- d) A BID creates a strong unified voice to represent business interests to local government agencies.
- e) A BID funds other projects such as clean-up programs, decorations, parks and special events.

**5) Traditional BID Programs, Listed In Order Of Most Commonly Implemented:****A) Commercial Marketing:**

- Establishment of a permanent Commercial Marketing Committee.
- Development and implementation of a commercial marketing strategy and image building theme.
- Development of a "shop locally" campaign as a means of offsetting existing retail sales leakage.
- Development of a coordinated annual program of retail-oriented promotions, events and activities.
- Development of an annual program of special events and activities.
- Publication of a "Directory of Downtown Goods and Services."
- Stimulation of tourism activity.

**B) Civic Beautification Programs And Projects: (Physical image-building)**

- Streetscape improvement projects such as street furniture and street trees
- Development of a program of visual amenities such as flags, banners and seasonal decorations
- Establishment of a public arts program
- Development of improved, more aesthetic, public-private signage
- Development of entranceway monumentation, signage, arches and decorations

**C) Commercial Recruitment And Retention Program: (Filling commercial vacancies with the most desirable new businesses).**

- Carry out surveys to determine most desired new businesses to fill existing vacancies or vacancies as they occur
- Encourage successful existing businesses to re-locate and/or expand into stronger locations within project area
- Attempt to strengthen desired existing businesses that may be weak or failing
- Attempt to discourage "hobby businesses" or "functional vacancies" that weaken the project area's vitality.

**D) Parking Improvements:**

- Expansion and beautification of existing parking
- Work to improve public knowledge of existing parking through sponsorship of maps & signage

**6) Questions Most Frequently Asked By Business Owners:**

- How much is this improvement district going to cost ?
- What are the proposed BID programs ?
- Who will be in charge....who decides how the funds are to be spent ?
- What protection does the business owner have against the fee being increased in future years ?

